

BYRON CENTER PUBLIC SCHOOLS
Kent County, Michigan

Comprehensive Annual Financial Report

For the year ended June 30, 2008

BYRON CENTER PUBLIC SCHOOLS
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For the year ended June 30, 2008

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

November 7, 2008

The Board of Education
Byron Center Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Byron Center Public Schools (the "District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Byron Center Public Schools as of June 30, 2008, and the respective changes in financial position and budgetary comparison for the General Fund the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2008 on our consideration of Byron Center Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Byron Center Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Byron Center Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-Wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	2008	2007
Assets		
Current assets	\$ 9,359,344	\$ 8,606,065
Net capital assets	84,246,624	86,162,488
Total Assets	93,605,968	94,768,553
Liabilities		
Current liabilities	8,314,462	7,642,233
Long-term liabilities	80,039,485	82,317,014
Total Liabilities	88,353,947	89,959,247
Net Assets		
Invested in capital assets, net of related debt	1,511,117	641,947
Restricted	126,163	433,137
Unrestricted	3,614,741	3,734,222
Total Net Assets	\$ 5,252,021	\$ 4,809,306

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

The Statement of Activities presents changes in net assets from operating results:

	<u>2008</u>	<u>2007</u>
Program Revenues		
Charges for services	\$ 2,002,916	\$ 2,132,219
Operating grants	4,022,440	3,631,554
General Revenues		
Property taxes	13,015,808	12,027,704
State school aid, unrestricted	19,733,924	19,190,423
Interest earnings	218,016	345,975
Gain (loss) on sale of capital assets	10,031	(1,870)
Other	141,893	188,770
Total Revenues	<u>39,145,028</u>	<u>37,514,775</u>
Expenses		
Instruction	19,733,025	18,577,933
Supporting services	11,592,404	11,184,446
Community services	1,305,841	1,297,401
Food service	1,250,696	1,295,048
Athletics	973,417	892,115
Other	26,091	16,986
Interest on long-term debt	3,820,839	4,417,028
Total Expenses	<u>38,702,313</u>	<u>37,680,957</u>
Increase (Decrease) in net assets	442,715	(166,182)
Net Assets - Beginning of Year	<u>4,809,306</u>	<u>4,975,488</u>
Net Assets - End of Year	<u><u>\$ 5,252,021</u></u>	<u><u>\$ 4,809,306</u></u>

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors: growth during the year in local property tax revenue and State aid increases due to the District's student growth and State foundation grant per pupil funding.

The District's total revenues increased by \$1.63 million to \$39.1 million. Property taxes and unrestricted State aid accounted for most of the District's revenue, contributing about 83.7 cents of every dollar raised. Another 10.3 percent came from state and federal aid for specific programs and the remaining 6.0 percent from fees charged for services, interest earnings and other local sources.

The total cost of all programs and services rose \$1.02 million to \$38.7 million. The District's expenses are predominantly related to instructing, pupil services, athletics, food service and for the transporting of students (64.37 percent). The District's administrative and business activities accounted for 6.77 percent, operation & maintenance, technology and other business services accounted for 11.14 percent. Interest on long-term debt accounted for 9.87 percent of total District expenses.

Total revenues surpassed expenses, increasing net assets by \$442,715 from last year. This is a significant increase from the previous fiscal year's operating deficit of \$166,182.

The recent good health of the District's finances can be credited to innovative management changes and:

- The continued growth in the homestead and non-homestead properties within the District boundaries.
- For the eighth year in a row the District's student F.T.E. (full time equivalent) has grown.

<u>September</u>	<u>Student FTE</u>	<u>Percentage</u>
2000	118	4.9%
2001	126	5.0%
2002	154	5.8%
2003	92	3.4%
2004	138	4.8%
2005	70	2.3%
2006	74	2.4%
2007	21	0.7%

- Rising real estate values led to a 2.5 percent increase in property tax revenues, despite the fact that tax rates remained unchanged. The increase in property tax revenues is beneficial for the District for cash flow of the General Fund, improvements to the district with building and site fund dollars and for the payment of debt service.
- The cost of all governmental activities this year was \$38.70 million.
- The federal and state governments subsidized certain programs with grants and contributions in the amount of \$4.0 million.
- Most of the District's costs (\$32.75 million), however, were financed by the District and State taxpayers.
- This portion of governmental activities was financed with \$13.01 million in property taxes, \$19.73 million of unrestricted State aid based on the statewide education aid formula, investment earnings, and other local sources.
- Voters have approved millages according to State of Michigan law for debt service and building and site for the construction of buildings and additions. The construction has been done with no increase in the millage rate to the taxpayers and without the use of General Fund monies to ensure the classroom and educational facilities are available to meet the needs of the students of Byron Center.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Byron Center Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$29,332,421, other financing sources of \$314,319, total expenditures of \$29,529,174 and total other financing uses of \$572,254. The district ended the fiscal year with a decrease in fund balance for a total fund balance of \$3,471,324, down from \$3,926,012 at June 30, 2007. The reduction of fund balance of \$454,688 is substantially lower than the originally adopted budget reflecting a deficit of \$1,052,613. The District positioned itself to maintain the same excellent educational program for FY 2007-08 knowing there would be a reduction of fund balance. In addition, the District took measured steps in reducing all non-essential expenditures to preserve fund balance.

Nonmajor Funds

Special Revenue Funds

The District operates four Special Revenue Funds, for the food service and athletics programs, VanSingel Fine Arts Center and community service programs. Total revenue of all Special Revenue Funds was \$2,382,545 with total expenditures of \$2,904,431 and total other financing sources of \$572,254. The ending fund balances were \$501,182. Of the ending fund balances, \$39,278 is attributable to the VanSingel Fine Arts Center Fund, Community Service Fund of \$490,717, Food Service Fund of \$13,667 and the Athletic Fund of \$(42,480).

Debt Service Funds

The District operates five Debt Service Funds. Total revenues were \$6,489,351, and total other financing sources were \$344,545. Total expenditures were \$6,601,495, and total other financing uses were \$344,545. Refunding bond proceeds and premium totaled \$21,935,078. State school bond loan proceeds were \$100,000. Payments to the escrow agent for the 1998 bond refunding totaled \$21,634,506. The ending fund balances in the Debt Service Funds totaled \$492,907.

Capital Projects Funds

There are two nonmajor Capital Projects Funds incorporated into the financial statements of the District, the Building and Site (Sinking) Fund and the 2001 Construction Fund. Revenues totaled \$954,014 (including \$903,938 of property taxes collected). Expenditures totaled \$1,517,098. The ending fund balance was \$255,278 in the Building and Site Fund and \$37,985 in the 2001 Construction Fund.

Fiduciary Funds

The Student Activities Fund and the Scholarship Funds are operated as Fiduciary Funds of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2008 totaled \$205,881. The Student Activities Fund's portion was \$192,279, and the Scholarship Fund's was \$13,602.

General Fund Budgetary Highlights

Over the course of the year, District revised the annual operating budget one time. The budget amendment was a result of the following:

- Changes made in June were for increases in the student enrollment that determined the amount of foundation grant or State school aid was to be received, changes in other revenue sources, appropriations to prevent budget overruns and final expenditures as were necessary for actual activity that occurred during the fiscal year.
- Actual revenues were \$435,187 lower than expected due largely to a combination of property tax and miscellaneous federal and inter-district sources. A key note is the property tax revenue change and a complete review of tax submissions from local governmental units. It should be noted the "original" budget for local revenue sources of \$5,988,212 was more accurate than the "final" budget revision of \$6,396,328. Actuals compared to "original" budget reflect a variance of \$63,537.
- Actual expenditures were \$268,445 below budget, due primarily to inter-district tuition expenditures and the early spring 2008 spending restrictions.

Capital Asset and Debt Administration

Capital Assets

By the end of 2008, the District had invested \$109 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. This amount represents a net increase of \$1.1 million, or 1.0 percent from last year. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$3.0 million.

The District's 2007-08 capital spending totaled \$1.1 million, principally in four areas:

- \$70,269 for land improvements
- \$377,019 for various building improvements
- \$416,703 for furniture and equipment
- \$239,589 for vehicle purchases

At June 30, 2008, the District's investment in capital assets (net of accumulated depreciation), decreasing approximately \$1.9 million from the previous year-end, is detailed as follows:

Land	\$ 3,716,233
Construction in progress	296,274
Land improvements	7,618,177
Buildings and additions	67,647,697
Furniture and equipment	3,909,056
Vehicles	1,012,499
Equipment under capital leases	46,688
Net Capital Assets	\$ 84,246,624

Long-Term Debt

At year end, the District had total long-term debt of \$83.8 million of which the largest portion is \$69.0 million in general obligation bonds. (More detailed information about long-term debt can be found in Note F in the Notes to Basic Financial Statements.)

- The District continued to pay down its debt, retiring \$24.3 million of outstanding bonds, loans and leases.
- The District issued new general obligation bonds this year in the amount of \$21,680,000.
- The outstanding principal balance of the 1998 bond issue was refunded during the year, resulting in a present value savings in future principal and interest costs of \$1,691,426.
- During the 2007-08 fiscal year the District purchased four buses by using the installment purchase agreement process. The District borrowed a total of \$278,972 to be paid over the next five years with the final payment due in December 27, 2012.
- The District has obtained a total of \$13.723 million from the Michigan School Bond Loan Fund for payment of annual maturities of its general obligation bonds as of June 30, 2008. The District borrowed \$689,352 during the fiscal year to meet bond obligations which is included in the total borrowed. The District is not required to make payments to the Michigan School Bond fund until the taxable value of the District increases to a point where it is able to make the debt payments and has funds available. The law requires that with our current debt structure the loan be paid back no later than five years before the retirement of the 2001 bond issue.
- The District's other long term obligations are for accumulated sick and vacation leave in the amount of \$79,376 and for a Voluntary Severance Plan which was implemented during the 2005-06 fiscal year. The total remaining obligation for the District is for \$300,000, which will be retired in equal installments over the next fiscal years.

The District's bond rating for General Obligation, Unlimited Tax debt remains "A2" from Moody's Investors Service and "A+" from Standard & Poor's. The District's rating for General Obligation, Limited Tax debt remains "Aaa". The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. We present more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District is plaintiff with other urban school districts in a lawsuit against the State, seeking to rectify inequities in the formula the State uses to apportion special education aid to school districts.
- The District's growth in student count has helped the District in the last eight years to increase programs and staff. However, student count is a variable that is hard to predict. The District utilizes an outside firm to analyze existing student count and project for budget purposes future student growth.
- During the 2007-08 the District received \$7,790 per student in State funds in the form of a foundation allowance. This was an increase of 1.07% or \$83 per student. It is important to note the operational costs outpaced the increase in funding per student. The continued anemic state and federal economy may be affecting future funding levels. Management is keeping a keen eye on Michigan revenue streams as this is needed to provide a stable base for educational K-12 funding.
- Byron Township implemented a Local Development Finance Authority several years ago to assist businesses in the community. By establishing the authority it enabled the businesses to use the non-homestead millage they paid to go directly to the State of Michigan instead of the District. These funds were used to pay for the bonds which financed the improvements to the infrastructure needed to open the businesses. In turn, the State of Michigan reimbursed the District for this loss in revenue. Currently, the State of Michigan is in the process of auditing five years of the Township's LDFA calculations. Depending on their findings this could result in payments due to the Township and/or in prior year adjustments in the District's State aid.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Byron Center Public Schools, 8542 Byron Center Avenue SW, Byron Center, MI 49315. Contact by e-mail: businessmgr@bcpsk12.net. Contact by phone: (616) 878-6100.

BASIC FINANCIAL STATEMENTS

BYRON CENTER PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$ 1,015
Cash equivalents, deposits and investments (Note B)	4,519,282
Taxes receivable (Note C)	35,290
Accounts receivable	21,325
Due from other governmental units (Note C)	4,015,976
Inventory (Note A)	12,762
Prepaid expenses	46,551
Unamortized bond issue costs	707,143
Total Current Assets	<u>9,359,344</u>
Noncurrent Assets	
Capital assets (Note E)	109,411,765
Less accumulated depreciation	(25,165,141)
Total Noncurrent Assets	<u>84,246,624</u>
Total Assets	<u>93,605,968</u>
Liabilities	
Current Liabilities	
Accounts payable	732,646
Due to other governmental units	882,352
Accrued interest payable	673,686
Salaries payable	2,073,065
Deferred revenue	170,172
Current portion of long term obligations	3,782,541
Total Current Liabilities	<u>8,314,462</u>
Noncurrent Liabilities (Notes A, F)	
General obligation bonds payable	69,050,000
State school bond loan payable	13,723,471
Installment purchase agreements payable	643,097
Capital lease payable	26,082
Voluntary severance plan	300,000
Accumulated sick leave	79,376
Current portion of long term obligations	(3,782,541)
Total Noncurrent Liabilities	<u>80,039,485</u>
Total Liabilities	<u>88,353,947</u>
Net Assets	
Invested in capital assets, net of related debt	1,511,117
Restricted for:	
Debt service	(168,762)
Capital projects	294,925
Unrestricted	3,614,741
Total Net Assets	<u><u>\$ 5,252,021</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes In Net Assets
Governmental Activities				
Instruction	\$ 19,733,025	\$ -	\$ 2,966,659	\$(16,766,366)
Supporting services	11,592,404	32,440	580,089	(10,979,875)
Community services	1,305,840	1,080,182	66,083	(159,575)
Food service	1,250,697	715,588	409,609	(125,500)
Athletics	973,417	174,706	-	(798,711)
Other	26,091	-	-	(26,091)
Interest on long-term debt	3,820,839	-	-	(3,820,839)
Total Governmental Activities	\$ 38,702,313	\$ 2,002,916	\$ 4,022,440	(32,676,957)
General Revenues				
Taxes:				
Property taxes, levied for general operations				5,672,209
Property taxes, levied for debt service				6,439,568
Property taxes, levied for capital improvements				904,031
State school aid, unrestricted				19,733,924
Interest and investment earnings				218,016
Gain on sale of capital assets				10,031
Other				141,893
Total General Revenues				33,119,672
Change in Net Assets				442,715
Net Assets - Beginning of Year				4,809,306
Net Assets - End of Year				\$ 5,252,021

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Assets			
Cash	\$ 170	\$ 845	\$ 1,015
Cash equivalents, deposits and investments (Note B)	3,059,619	1,459,663	4,519,282
Receivables:			
Taxes (Note C)	21,612	13,678	35,290
Accounts	21,325	-	21,325
Due from other funds (Note D)	80,787	472,743	553,530
Due from other governmental units (Note C)	4,007,320	8,656	4,015,976
Inventory (Note A)	-	12,762	12,762
Prepaid expenditures	23,311	23,240	46,551
Total Assets	<u><u>\$7,214,144</u></u>	<u><u>\$ 1,991,587</u></u>	<u><u>\$ 9,205,731</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 397,889	\$ 334,757	\$ 732,646
Due to other funds (Note D)	360,636	192,894	553,530
Due to other governmental units	875,078	7,274	882,352
Salaries payable	2,043,219	29,846	2,073,065
Deferred revenue	65,998	139,464	205,462
Total Liabilities	<u><u>3,742,820</u></u>	<u><u>704,235</u></u>	<u><u>4,447,055</u></u>
Fund Balances			
Reserved for:			
Debt service	-	492,907	492,907
Capital outlay	-	293,263	293,263
Unreserved:			
Designated for Byron Center television	42,064	-	42,064
Undesignated, reported in:			
General fund	3,429,260	-	3,429,260
Special revenue funds	-	501,182	501,182
Total Fund Balances	<u><u>3,471,324</u></u>	<u><u>1,287,352</u></u>	<u><u>4,758,676</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 7,214,144</u></u>	<u><u>\$ 1,991,587</u></u>	<u><u>\$ 9,205,731</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2008

Total governmental fund balances		\$ 4,758,676
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$109,411,765 and accumulated depreciation is \$25,165,141.		
		84,246,624
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		
		707,143
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(69,050,000)	
State school bond loan	(13,723,471)	
Installment purchase agreements	(643,097)	
Capital lease payable	(26,082)	
Voluntary severance plan	(300,000)	
Accumulated sick leave	(79,376)	
	<u>(83,822,026)</u>	
Accrued interest is not included as a liability in governmental funds.		
		(673,686)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		<u>35,290</u>
Total net assets - governmental activities		<u><u>\$ 5,252,021</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2008

	General	Nonmajor	Total
Revenues			
Local sources	\$ 6,051,749	\$ 9,350,218	\$ 15,401,967
State sources	20,754,552	60,158	20,814,710
Federal sources	720,321	349,451	1,069,772
Interdistrict sources	1,805,799	66,083	1,871,882
Total Revenues	<u>29,332,421</u>	<u>9,825,910</u>	<u>39,158,331</u>
Expenditures			
Current:			
Instruction	17,611,734	-	17,611,734
Supporting services	11,499,737	-	11,499,737
Community services	245,253	999,800	1,245,053
Food service	-	1,140,133	1,140,133
Athletics	-	764,498	764,498
Capital outlay	-	973,914	973,914
Debt service:			
Principal repayment	145,531	3,660,000	3,805,531
Interest and fiscal charges	15,172	3,184,107	3,199,279
Bond issuance cost	-	200,844	200,844
Underwriter's discount	-	99,728	99,728
Interdistrict	11,747	-	11,747
Total Expenditures	<u>29,529,174</u>	<u>11,023,024</u>	<u>40,552,198</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(196,753)</u>	<u>(1,197,114)</u>	<u>(1,393,867)</u>
Other Financing Sources (Uses)			
Refunding bonds issued	-	21,680,000	21,680,000
Loan proceeds	314,319	100,000	414,319
Bond premium	-	255,078	255,078
Transfers in	-	916,799	916,799
Transfers out	(572,254)	(344,545)	(916,799)
Payments to escrow agent	-	(21,634,506)	(21,634,506)
Total Other Financing Sources (Uses)	<u>(257,935)</u>	<u>972,826</u>	<u>714,891</u>
Net Change in Fund Balances	(454,688)	(224,288)	(678,976)
Fund Balances, Beginning of Year	<u>3,926,012</u>	<u>1,511,640</u>	<u>5,437,652</u>
Fund Balances, End of Year	<u><u>\$ 3,471,324</u></u>	<u><u>\$ 1,287,352</u></u>	<u><u>\$ 4,758,676</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2008

Net change in fund balances - total governmental funds \$ (678,976)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 1,142,963	
Depreciation expense	<u>(3,056,859)</u>	(1,913,896)

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold/retired. (1,969)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead considered deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (9,662)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (22,683,671)

Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue. 468,909

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of bonds	24,845,000	
Repayment of installment purchase agreements	145,531	
Repayment of capital leases	<u>9,265</u>	24,999,796

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. (32,208)

In the Statement of Net Assets, accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$312,151) exceeded the amounts earned (\$17,759). 294,392

Total changes in net assets - governmental activities \$ 442,715

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 5,988,212	\$ 6,396,328	\$ 6,051,749	\$ (344,579)
State sources	19,937,844	20,689,656	20,754,552	64,896
Federal sources	855,395	770,494	720,321	(50,173)
Interdistrict sources	2,103,463	1,911,130	1,805,799	(105,331)
Total Revenues	<u>28,884,914</u>	<u>29,767,608</u>	<u>29,332,421</u>	<u>(435,187)</u>
Expenditures				
Current:				
Instruction:				
Basic programs	14,219,389	14,309,118	14,541,003	(231,885)
Added needs	2,886,981	3,010,757	3,070,731	(59,974)
Supporting services:				
Pupil services	638,317	1,595,837	1,496,972	98,865
Instructional staff services	802,744	872,851	780,882	91,969
General administrative services	691,374	660,457	644,935	15,522
School administrative services	1,593,477	1,579,830	1,547,472	32,358
Business services	369,859	391,805	390,699	1,106
Operation and maintenance services	3,808,657	3,831,113	3,762,209	68,904
Pupil transportation services	1,935,753	2,395,997	2,202,111	193,886
Central services	669,110	688,961	674,457	14,504
Community services	330,393	291,598	245,253	46,345
Debt service:				
Principal repayment	145,532	145,532	145,531	1
Interest and fiscal charges	12,613	12,613	15,172	(2,559)
Interdistrict	1,095,992	11,150	11,747	(597)
Total Expenditures	<u>29,200,191</u>	<u>29,797,619</u>	<u>29,529,174</u>	<u>268,445</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(315,277)</u>	<u>(30,011)</u>	<u>(196,753)</u>	<u>(166,742)</u>
Other Financing Sources (Uses)				
Loan proceeds	-	278,972	314,319	35,347
Transfers out	(737,336)	(597,339)	(572,254)	25,085
Total Other Financing Sources (Uses)	<u>(737,336)</u>	<u>(318,367)</u>	<u>(257,935)</u>	<u>60,432</u>
Net Change in Fund Balances	<u>(1,052,613)</u>	<u>(348,378)</u>	<u>(454,688)</u>	<u>(106,310)</u>
Fund Balances, July 1	<u>3,926,012</u>	<u>3,926,012</u>	<u>3,926,012</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,873,399</u>	<u>\$ 3,577,634</u>	<u>\$ 3,471,324</u>	<u>\$ (106,310)</u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2008

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
Assets		
Cash equivalents, deposits and investments (Note B)	<u>\$ 13,602</u>	<u><u>\$ 192,279</u></u>
Liabilities		
Due to student groups	<u>-</u>	<u><u>\$ 192,279</u></u>
Net Assets		
Held in trust for: Individuals and organizations	<u><u>\$ 13,602</u></u>	

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended June 30, 2008

	Private Purpose Trust Fund
Additions	
Interest earnings	\$ 444
Deductions	
Endowment activities - scholarships	300
Change In Net Assets	144
Net Assets, Beginning of Year	13,458
Net Assets, End of Year	<u>\$ 13,602</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Note A – Summary of Significant Accounting Policies

Byron Center Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 3,247 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Byron Center Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, State aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Athletic, Community Service, and VanSingel Fine Arts Center Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus. The District presently maintains scholarship funds for the benefit of students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Byron Center Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Byron Center Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and additions	40-50 years
Furniture and equipment	3-10 years
Vehicles	5-10 years

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Accumulated Sick Leave/Voluntary Severance Plan

Accumulated sick leave and voluntary severance at June 30, 2008 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick days. At June 30, 2008, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated sick leave and voluntary severance amounted to \$79,376 and \$300,000, respectively.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the Surplus Funds Investment Pool Act.

Balances at June 30, 2008 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Assets:	
Governmental activities	\$4,519,282

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Fiduciary Funds:	
Trust and Agency Funds	\$ 205,881
	<u>\$ 4,725,163</u>

Cash Equivalents and Deposits

Depositories actively used by the District during the year are detailed as follows:

1. Byron Bank
2. Comerica Bank

Cash equivalents consist of bank interest-earning super NOW accounts.

Balances at June 30, 2008 related to cash equivalents and deposits are detailed in the Basic Financial Statements as follows:

Cash equivalents	<u>\$ 3,497,368</u>
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Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$3,497,368 and the bank balance was \$3,987,920. Of the bank balance, \$278,553 was covered by federal depository insurance and \$3,709,367 was uninsured.

Investments

As of June 30, 2008 the District had the following investments:

	<u>Fair Value</u>
Surplus Funds Investment Pool Accounts:	
Comerica Bank	\$ 35,963
Michigan Liquid Asset Fund	<u>1,191,832</u>
	<u>\$ 1,227,795</u>

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. At June 30, 2008, the District had no investments that were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State. The MILAF Fund is rated AAAM and the Comerica Bank Fund is unrated.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. The District's investment policy requires that maturities do not exceed two years.

Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security. Excluding U.S. Government guaranteed investments, and mutual fund and pooled investments, no single investment exceeded 5% of total investments at June 30, 2008.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2007 ad valorem State Education Taxes generated within the Byron Center Public School District, and paid to the State of Michigan, totaled \$5,482,182.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2007 and September, 2007. The 2007-08 "Foundation Allowance" for Byron Center Public Schools was \$7,790 for 3,230 in "Full Time Equivalent" students, generating \$20,194,680 in state aid payments to the District of which \$3,662,826 was paid to the District in July and August, 2008 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien date) under a split-levy system by the City of Wyoming, the Townships of Byron and Dorr, and the Charter Township of Gaines, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Allegan, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

Tax Year	General Fund	Debt Service Funds	Building and Site Fund	Total
2007	\$ 11,208	\$ 8,257	\$ 1,159	\$ 20,624
2006	5,804	1,449	181	7,434
2005	4,600	2,310	322	7,232
	<u>\$ 21,612</u>	<u>\$ 12,016</u>	<u>\$ 1,662</u>	<u>\$ 35,290</u>

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Taxes uncollected after three years from the date of levy, unless material in amount, are written off the books of the District.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Byron Center Public Schools' electors had previously (June 14, 1993) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2007.

The District levied 7.0 mills in 2007 for debt service purposes and .9835 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases are limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

Note D – Due From/To Other Funds/Interfund Transfers

Amounts due from (to) other funds representing interfund receivables and payables from expenditures not yet reimbursed and property tax reallocations at June 30, 2008, are detailed as follows:

	Due From	Due To
General Fund		
Special Revenue Funds:		
Food Service Fund	\$ 15,880	\$ —
Athletics Fund	52,755	—
Debt Service Funds:		
1995 Debt Service Fund	—	76,146
1998 Debt Service Fund	—	48,595
2001 Debt Service Fund	—	171,444
2005 Debt Service Fund	—	20,192
Capital Projects Fund:		
Building and Site Fund	12,152	44,259
Total General Fund	<u>80,787</u>	<u>360,636</u>

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

	Due From	Due To
Special Revenue Funds		
Food Service Fund:		
General Fund	\$ —	\$ 15,880
Athletics Fund:		
General Fund	—	52,755
Total Special Revenue Funds	—	68,635
Debt Service Funds		
1995 Debt Service Fund:		
General Fund	76,146	—
1998 Debt Service Fund	—	32,276
1998 Debt Service Fund:		
General Fund	48,595	—
1995 Debt Service Fund	32,276	—
2001 Debt Service Fund	71,008	—
2005 Debt Service Fund	8,823	—
2001 Debt Service Fund:		
General Fund	171,444	—
1998 Debt Service Fund	—	71,008
2005 Debt Service Fund:		
General Fund	20,192	—
1998 Debt Service Fund	—	8,823
Total Debt Service Funds	428,484	112,107
Capital Projects Fund		
Building and Site Fund:		
General Fund	44,259	12,152
Total All Funds	\$ 553,530	\$ 553,530

Interfund transfers during the year ended June 30, 2008 were as follows:

	Transfers In	Transfers Out
General Fund		
Special Revenue Funds:		
Athletics Fund	\$ —	\$ 537,254
VanSingel Fine Arts Center Fund	—	35,000
Total General Fund	—	572,254
Special Revenue Funds		
Athletics Fund:		
General Fund	537,254	—
VanSingel Fine Arts Center Fund:		
General Fund	35,000	—
Total Special Revenue Funds	572,254	—

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

	<u>Transfers In</u>	<u>Transfers Out</u>
Debt Service Funds		
1995 Debt Service Fund:		
1998 Debt Service Fund	\$ 125,000	\$ —
1997 Debt Service Fund:		
2001 Debt Service Fund	—	9,545
1998 Debt Service Fund:		
1995 Debt Service Fund	—	125,000
2001 Debt Service Fund	—	210,000
2001 Debt Service Fund:		
1997 Debt Service Fund	9,545	—
1998 Debt Service Fund	210,000	—
	<u>344,545</u>	<u>344,545</u>
Total Debt Service Funds	344,545	344,545
Total All Funds	<u>\$ 572,254</u>	<u>\$ 572,254</u>

Interfund transfers are essential to maintain the Special Revenue Funds of the District. The transfers assist each fund with payroll and employee benefits for coaches, food service employees, and child care workers. The transfer for the VanSingel Fine Arts Fund also includes a pro-ration for the cost of utilities for non-school use of the VanSingel Fine Arts Center. The District's intent is to appropriate expenditures to these funds on an actual basis to show the true costs of operation for these programs. By making the interfund transfer these expenditures can be allocated to each program as they occur. Debt Service Funds transfers were made to reallocate property tax collections between individual funds.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balances July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2008</u>
Capital assets not depreciated:				
Land	\$ 3,716,233	\$ —	\$ —	\$ 3,716,233
Construction in progress	—	296,274	—	296,274
Capital assets being depreciated:				
Land improvements	12,767,462	70,269	—	12,837,731
Buildings and additions	81,414,278	80,745	—	81,495,023
Furniture and equipment	8,226,318	366,674	—	8,592,992
Vehicles	1,926,800	278,972	39,383	2,166,389
Equipment under capital leases	257,094	50,029	—	307,123
	<u>108,308,185</u>	<u>\$ 1,142,963</u>	<u>\$ 39,383</u>	<u>109,411,765</u>
Totals at historical cost				
Less accumulated depreciation for:				
Land improvements	\$ 4,660,228	\$ 559,326	\$ —	\$ 5,219,554
Buildings and additions	12,429,814	1,417,513	—	13,847,326
Furniture and equipment	3,856,297	827,639	—	4,683,936
Vehicles	993,678	197,626	37,414	1,153,890
Equipment under capital leases	205,680	54,755	—	260,435
	<u>22,145,697</u>	<u>\$ 3,056,859</u>	<u>\$ 37,414</u>	<u>25,165,141</u>
Total accumulated depreciation				
Net Capital Assets	<u>\$ 86,162,488</u>			<u>\$ 84,246,624</u>

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 2,383,628
Supporting services	283,271
Community services	62,462
Food service	118,578
Athletics	208,919
	<u>\$ 3,056,859</u>

Note F – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2008 are summarized as follows:

	Bond Issues	State School Bond Loan	Installment Purchase Agreements	Voluntary Severance Plan/ Accumulated Sick Leave	Total
Amount Available For Retirement Of Long-Term Debt					
Debt Service Funds	\$ 492,907	\$ —	\$ —	\$ —	\$ 492,907
Amounts To Be Provided For Retirement Of Long-Term Debt					
General Fund	—	—	669,179	379,376	1,048,555
Debt Service Funds	68,557,093	13,723,471	—	—	82,280,564
Total Amounts Available and To Be Provided	<u>\$69,050,000</u>	<u>\$ 13,723,471</u>	<u>\$ 669,179</u>	<u>\$ 379,376</u>	<u>\$83,822,026</u>

Changes in long-term debt for the year ended June 30, 2008 are summarized as follows:

	Debt Outstanding July 1, 2007	Debt Added	Debt Retired	Debt Outstanding June 30, 2008
General obligation bonds:				
May 1, 1995	\$ 2,760,000	\$ —	\$ 1,380,000	\$ 1,380,000
May 1, 1998	21,295,000	—	21,295,000	—
November 13, 2001	42,475,000	—	1,425,000	41,050,000
March 2, 2005	5,185,000	—	245,000	4,940,000
March 6, 2008	—	21,680,000	—	21,680,000
Tax anticipation loan:				
July 26, 2006	500,000	—	500,000	—
State school bond loan	13,034,119	689,352	—	13,723,471
Installment purchase agreements	509,656	278,972	145,531	643,097
Capital lease	—	35,347	9,265	26,082
Voluntary severance plan	600,000	—	300,000	300,000
Accumulated sick leave	73,770	17,759	12,151	79,376
	<u>\$ 86,432,545</u>	<u>\$ 22,701,430</u>	<u>\$ 25,311,948</u>	<u>\$ 83,822,026</u>

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Long-term bonds, installment purchase agreements and capital leases at June 30, 2008 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$37,690M Building and Site May 1, 1995: Annual maturities of \$1,380M	May 1, 2009	8.25	\$ 1,380,000	\$ 1,380,000
\$47,170M Building and Site November 13, 2001: Annual maturities of \$1,425M to \$1,800M	May 1, 2031	4.50 – 5.50	41,050,000	1,600,000
\$5,370M Refunding March 2, 2005: Annual maturities of \$265M to \$365M	May 1, 2022	3.00 – 4.00	4,940,000	265,000
\$21,680M Refunding March 6, 2008: Annual maturities of \$1,180M to \$1,720M	May 1, 2024	3.00 – 4.00	21,680,000	—
Capital Leases				
\$20,765 Tractor June 21, 2007 Annual maturities of \$4,000 to \$5,000	June 21, 2011	5.9	16,011	5,034
\$14,862 Mower June 26, 2007 Annual maturities of \$5,000	June 27, 2010	7.299	10,071	4,852
Installment Purchase Agreements				
\$265M School Buses July 28, 2004: Annual maturities of \$53,035	July 30, 2009	3.43	106,070	53,035
\$265M School Buses July 28, 2004: Annual maturities of \$55,967	Oct. 4, 2009	3.30	111,933	55,967
\$183M School Buses December 15, 2006: Annual maturities of \$36,530	Nov. 11, 2011	3.365	146,122	36,531
\$279M School Buses December 27, 2007: Annual maturities of \$51,722 to \$60,000	Dec. 27, 2012	3.79	278,972	51,722
			<u>\$ 69,719,179</u>	<u>\$ 3,452,141</u>

The District is required to obtain loans from the Michigan School Bond Loan fund for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$100,000 and accrued interest of \$589,352 was added to the District's liability to the Fund. At June 30, 2008, the District owed the Fund a total of \$13,723,471.

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding at June 30, 2008 are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 3,452,141	\$ 3,366,202	\$ 6,818,343
2010	3,954,764	3,034,317	6,989,081
2011	3,937,894	2,864,233	6,802,127
2012	3,949,359	2,707,953	6,657,312
2013	3,910,021	2,532,871	6,442,892

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Year Ended June 30	Principal	Interest	Total
2014	\$ 3,820,000	\$ 2,358,046	\$ 6,178,046
2015	3,780,000	2,186,546	5,966,546
2016	3,550,000	2,020,496	5,570,496
2017	3,530,000	1,858,446	5,388,446
2018	3,505,000	1,697,070	5,202,070
2019	3,470,000	1,533,220	5,003,220
2020	3,450,000	1,379,682	4,829,682
2021	3,425,000	1,223,682	4,648,682
2022	3,395,000	1,068,682	4,463,682
2023	3,010,000	913,346	3,923,346
2024	2,980,000	771,920	3,751,920
2025	1,800,000	630,000	2,430,000
2026	1,800,000	540,000	2,340,000
2027	1,800,000	450,000	2,250,000
2028	1,800,000	360,000	2,160,000
2029	1,800,000	270,000	2,070,000
2030	1,800,000	180,000	2,980,000
2031	1,800,000	90,000	1,890,000
	<u>\$ 69,719,179</u>	<u>\$ 34,036,712</u>	<u>\$103,755,891</u>

On March 6, 2008, the District issued \$21,680,000 in general obligation bonds to advance refund \$21,185,000 of outstanding 1998 general obligation bonds with an average interest rate of 5.00568%. This advance refunding was undertaken to reduce total debt service payments over 16 years by \$2,041,208. The average interest rate of the refunding bond issue was 3.79544% resulting in a net present value savings of \$1,691,426. The net proceeds of \$21,634,506 after bond premium of \$255,078, underwriter's discount of \$99,728 and bond issuance costs of \$200,844 were deposited with an escrow agent and used to purchase U.S. government securities. Under the terms of the agreement, these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2008). This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done. The refunded bonds have been paid in full on May 1, 2008 as scheduled by the escrow agent.

Note G – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2008 was \$16,791,403. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan-Fixed (MIP-Fixed). Effective January 1, 1990, all new employees are automatically enrolled in the MIP-Graded Plan. Participants in the MIP-Fixed or MIP-Graded Plans receive benefits in addition to those available under the Basic Plan. The contribution rate for MIP-Fixed participants is 3.9% of salary. The contribution rate for MIP-Graded participants is a graduated rate based on total wages: calculated at 3.0% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. All MIP members may retire at age 46 with 30 years of service; at age 60 with 5 years of service; at age 55 with 15 years of service (with stipulations); at age 60 with 10 years of service (with stipulations); or at age 60 with 5 years of service (with stipulations). Benefits are based on a final average compensation period of 5 years for Basic Plan participants and 3 years for Member Investment Plan participants.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPSERS plan. The contribution rate was 17.74% for the fiscal year ending September 30, 2007 and 16.72% for the fiscal year beginning October 1, 2007. The District's contributions to the plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,837,403, \$2,818,991, and \$2,527,871, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPSERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPSERS uses the aggregate actuarial cost method, and does not make separate measurements of assets and actuarial accrued liability for individual school districts. The actuarial accrued liability at September 30, 2006 (the latest reporting date available expressed as \$ in millions) for retirement benefits for the MPSERS as a whole, determined through an actuarial valuation performed as of that date, was \$49,136. Net assets available for retirement benefits on that date were \$42,995 leaving an unfunded actuarial accrued liability of \$6,141. The total unfunded actuarial accrued liability decreased by \$3,102 from September 30, 2005 to September 30, 2006. At September 30, 2006 the funded ratio of actuarial accrued liability was 87.5%; covered payroll totaled \$9,806, and unfunded actuarial accrued liability was 62.6% of covered payroll.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above. At September 30, 2006, the actuarial accrued liability for post-employment insurance benefits for the MPSERS as a whole (expressed as \$ in millions) was \$25,387. The MPSERS net assets available for these benefits were \$630 leaving an unfunded actuarial accrued liability of \$24,757. This is the first year that the State is reporting this liability, which is now required to be disclosed in compliance with Governmental Accounting Standards Board (GASB) Statement No. 43. At September 30, 2006 the funded ratio of actuarial liability was 2.5%; covered payroll totaled \$9,806, and unfunded actuarial liability was 252.5% of covered payroll.

Ten year historical trend information showing the MPSERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2007 Annual Report of the MPSERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2008

Note H – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$250,000 and \$1,175,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$125,053 in premiums to the Trust for the year ended June 30, 2008.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$450,000 of any workers' compensation or employers' liability loss out of a \$2,122,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2008, there were no material pending claims against the District. The District paid \$127,239 in premiums to the Fund for the year ended June 30, 2008.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note I – Commitments

On November 13, 2001, the District issued \$47,170,000 of general obligation building and site bonds whose proceeds are being used for land purchases, building renovations and additions and furniture and equipment purchases. At June 30, 2008, unspent balances committed to this construction project totaled approximately \$38,000, which are expected to be fully expended by the year ended June 30, 2009.

Note J – Stewardship, Compliance and Accountability

The following District funds had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2008, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Instruction:			
Basic programs	\$ 14,309,118	\$ 14,541,003	\$ 231,885
Added needs	3,010,757	3,070,731	59,974
Debt Service:			
Interest and fiscal charges	12,613	15,172	2,559
Interdistrict	11,150	11,747	597
Special Revenue Funds			
Food Service Fund	1,102,053	1,140,133	38,080
Athletics Fund	687,357	764,498	77,141

The following District Fund had a deficit fund balance at June 30, 2008:

	<u>Deficit</u>
Athletics Special Revenue Fund	\$ 42,480

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 170	\$ 119
Cash equivalents, deposits and investments	3,059,619	2,972,056
Receivables:		
Taxes	21,612	31,166
Accounts	21,325	18,773
Due from other funds	80,787	-
Due from other governmental units	4,007,320	3,500,403
Prepaid expenditures	23,311	223,163
Total Assets	<u><u>\$ 7,214,144</u></u>	<u><u>\$ 6,745,680</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 397,889	\$ 374,341
Due to other funds	360,636	-
Due to other governmental units	875,078	520,514
Salaries payable	2,043,219	1,827,495
Deferred revenue	65,998	97,318
Total Liabilities	<u>3,742,820</u>	<u>2,819,668</u>
Fund Balances		
Unreserved:		
Designated for Byron Center television	42,064	42,064
Undesignated	3,429,260	3,883,948
Total Fund Balances	<u>3,471,324</u>	<u>3,926,012</u>
Total Liabilities and Fund Balances	<u><u>\$ 7,214,144</u></u>	<u><u>\$ 6,745,680</u></u>

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2008 and 2007

	2008	2007
Local sources:		
Property taxes:		
Current property taxes	\$ 5,635,936	\$ 5,230,684
Delinquent property taxes	13,753	9,509
Other taxes	24,177	77,957
Interest on delinquent taxes	7,897	11,544
	<u>5,681,763</u>	<u>5,329,694</u>
Interest earnings:		
Interest on deposits and investments	117,036	162,844
Other local revenue:		
Summer school tuition	-	4,080
Field trips	12,279	8,617
Cablevision fees	85,106	89,983
Pool fees	-	16,130
Universal service credit	45,905	37,288
Rental of school facilities	5,718	10,200
Donations	-	31,416
Sale of school property	12,000	6,500
Township reimbursements	20,584	24,939
Refunds of expenditures	22,275	79,044
Miscellaneous	49,083	1,803
	<u>252,950</u>	<u>310,000</u>
Total local sources	6,051,749	5,802,538
State sources:		
State aid	20,150,300	19,588,261
FICA/retirement reimbursement	24,163	24,163
Special education - transportation	474,357	452,331
Special education - itinerants	105,732	46,022
Total state sources	<u>20,754,552</u>	<u>20,110,777</u>
Federal sources:		
Title I	109,826	104,394
Title IIA	69,694	44,180
Title IID	948	18,923
Title III	4,608	-
Title V	640	499
I.D.E.A. program	520,715	536,107
Medicaid - school based	6,400	2,223
Homeland security	-	1,366
Drug free schools	7,490	-
Total federal sources	<u>720,321</u>	<u>707,692</u>
Interdistrict sources:		
Special education - county	1,525,931	1,419,624
Special education - other local districts	143,747	27,184
Durant settlement reimbursements	11,524	11,524
Medicaid fee for service	124,597	85,036
Other	-	2,279
Total interdistrict sources	<u>1,805,799</u>	<u>1,545,647</u>
Total Revenues	<u><u>\$ 29,332,421</u></u>	<u><u>\$ 28,166,654</u></u>

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 3,264,979	\$ 3,039,086
Employee benefits	1,555,439	1,478,675
Purchased services	112,865	86,028
Supplies	102,390	102,886
	<u>5,035,673</u>	<u>4,706,675</u>
Middle school:		
Salaries	2,819,230	2,578,389
Employee benefits	1,525,933	1,482,186
Purchased services	104,512	74,935
Supplies	92,118	75,184
Miscellaneous	1,675	1,080
	<u>4,543,468</u>	<u>4,211,774</u>
High school:		
Salaries	3,032,890	2,854,990
Employee benefits	1,425,910	1,406,131
Purchased services	193,873	112,798
Supplies	190,707	142,201
Capital outlay	43,699	108,608
Miscellaneous	4,178	950
	<u>4,891,257</u>	<u>4,625,678</u>
At risk preschool:		
Salaries	42,192	38,378
Employee benefits	10,884	10,642
Purchased services	3,596	3,144
Supplies	6,308	4,581
Capital outlay	7,612	-
Miscellaneous	13	160
	<u>70,605</u>	<u>56,905</u>
Total basic programs	14,541,003	13,601,032
Added needs:		
Special education:		
Salaries	1,279,204	1,242,929
Employee benefits	602,863	620,651
Purchased services	1,498	3,022
Supplies	11,115	24,348
Miscellaneous	3,420	-
Payment to other districts	483,302	398,270
	<u>2,381,402</u>	<u>2,289,220</u>
Compensatory education:		
Salaries	190,887	202,247
Employee benefits	62,365	63,095
Purchased services	4,200	420
Supplies	60,779	59,922
	<u>318,231</u>	<u>325,684</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Vocational education:		
Salaries	\$ 231,666	\$ 230,468
Employee benefits	100,493	106,885
Purchased services	2,582	2,754
Supplies	34,903	16,487
Capital outlay	1,454	22,665
	<u>371,098</u>	<u>379,259</u>
Total added needs	3,070,731	2,994,163
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	323,572	319,855
Employee benefits	159,024	156,265
Purchased services	2,092	1,336
Supplies	14,557	3,071
Miscellaneous	115	165
	<u>499,360</u>	<u>480,692</u>
Physical therapist services:		
Employee benefits	694	-
Purchased services	1,311	644
Supplies	883	633
Capital outlay	-	1,259
Payment to other districts	98,436	140,324
	<u>101,324</u>	<u>142,860</u>
Psychological services:		
Purchased services	18,564	17,522
Supplies	857	2,197
Capital outlay	-	1,204
Payment to other districts	68,524	67,561
	<u>87,945</u>	<u>88,484</u>
Speech pathology services:		
Salaries	-	6,415
Employee benefits	1,446	1,393
Purchased services	899	1,574
Supplies	1,388	2,308
Capital outlay	-	2,530
Payment to other districts	249,364	242,789
	<u>253,097</u>	<u>257,009</u>
Social worker services:		
Purchased services	767	990
Supplies	649	880
Capital outlay	-	1,204
Payment to other districts	232,433	228,540
	<u>233,849</u>	<u>231,614</u>
Teacher consultant services:		
Purchased services	641	1,048
Supplies	966	170
Payment to other districts	200,291	201,005
	<u>201,898</u>	<u>202,223</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Other pupil services:		
Salaries	\$ 93,762	\$ 89,288
Employee benefits	25,737	26,853
	<u>119,499</u>	<u>116,141</u>
Total pupil services	1,496,972	1,519,023
Instructional staff services:		
Improvement of instruction:		
Salaries	90,256	73,600
Employee benefits	34,290	33,659
Purchased services	16,798	22,396
Supplies	10,299	2,353
Miscellaneous	-	111
	<u>151,643</u>	<u>132,119</u>
Educational media services:		
Salaries	153,550	151,577
Employee benefits	51,404	51,421
Purchased services	473	2,072
Supplies	23,205	24,757
	<u>228,632</u>	<u>229,827</u>
Supervision and direction of instruction:		
Salaries	243,088	311,436
Employee benefits	106,501	148,090
Purchased services	5,320	8,867
Supplies	1,877	3,825
Capital outlay	1,095	-
Miscellaneous	249	905
	<u>358,130</u>	<u>473,123</u>
Academic student assessment:		
Salaries	13,717	15,203
Employee benefits	1,900	2,263
Purchased services	26,860	18,288
	<u>42,477</u>	<u>35,754</u>
Total instructional staff services	780,882	870,823
General administrative services:		
Board of education:		
Salaries	4,080	3,150
Purchased services	72,313	56,230
Miscellaneous	1,370	248
	<u>77,763</u>	<u>59,628</u>
Executive administration:		
Salaries	317,003	330,831
Employee benefits	157,142	177,644
Purchased services	44,688	38,820
Supplies	10,851	19,178
Capital outlay	846	4,365
Miscellaneous	36,642	40,762
	<u>567,172</u>	<u>611,600</u>
Total general administrative services	644,935	671,228

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
School administrative services:		
Office of the principal:		
Salaries	\$ 978,190	\$ 997,361
Employee benefits	473,821	481,207
Purchased services	43,919	36,910
Supplies	46,118	42,093
Miscellaneous	5,424	9,630
Total school administrative services	1,547,472	1,567,201
Business services:		
Fiscal services:		
Salaries	211,981	202,886
Employee benefits	113,977	104,200
Purchased services	3,200	3,083
Supplies	1,283	3,832
Miscellaneous	734	322
	331,175	314,323
Other business services:		
Purchased services	12,814	12,551
Miscellaneous	46,710	49,269
	59,524	61,820
Total business services	390,699	376,143
Operation and maintenance services:		
Operation and maintenance:		
Salaries	1,194,915	1,212,383
Employee benefits	725,372	747,271
Purchased services	562,117	549,236
Supplies	1,180,196	1,170,091
Capital outlay	44,920	586
Miscellaneous	1,595	1,362
	3,709,115	3,680,929
Security services:		
Purchased services	53,094	47,404
Supplies	-	146
	53,094	47,550
Total operation and maintenance services	3,762,209	3,728,479
Pupil transportation services:		
Pupil transportation:		
Salaries	711,522	699,532
Employee benefits	240,364	261,408
Purchased services	59,716	49,054
Supplies	242,749	162,701
Capital outlay	278,972	181,752
Miscellaneous	2,027	1,697
Payment to other districts	666,761	617,636
Total pupil transportation services	2,202,111	1,973,780

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	2008	2007
Central services:		
Marketing:		
Salaries	\$ 52,436	\$ 51,408
Employee benefits	32,486	33,041
Purchased services	45,185	39,180
Supplies	2,486	2,934
	<u>132,593</u>	<u>126,563</u>
Staff services:		
Purchased services	9,479	17,637
Supplies	-	944
Miscellaneous	950	-
Payment to other districts	-	30,778
	<u>10,429</u>	<u>49,359</u>
Technology services:		
Salaries	154,859	152,955
Employee benefits	75,695	73,522
Purchased services	136,243	91,521
Supplies	62,957	37,356
Capital outlay	101,681	53,741
	<u>531,435</u>	<u>409,095</u>
Total central services	674,457	585,017
Community services:		
Community pool:		
Salaries	41,839	68,307
Employee benefits	26,407	35,276
Purchased services	67,196	45,805
Supplies	13,016	21,886
Miscellaneous	704	689
	<u>149,162</u>	<u>171,963</u>
Byron Center television:		
Salaries	45,634	42,310
Employee benefits	24,005	23,562
Purchased services	3,838	1,932
Supplies	2,740	3,032
Capital outlay	6,997	24,276
	<u>83,214</u>	<u>95,112</u>
Non-public school pupils:		
Salaries	1,125	2,250
Employee benefits	304	485
Purchased services	11,448	9,562
Supplies	-	700
	<u>12,877</u>	<u>12,997</u>
Total community services	245,253	280,072

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Debt service:		
Principal repayment	\$ 145,531	\$ 144,539
Interest and fiscal charges	<u>15,172</u>	<u>16,079</u>
Total debt service	160,703	160,618
Interdistrict:		
Special education - tuition	607	-
Special education services	<u>11,140</u>	<u>-</u>
Total interdistrict	<u>11,747</u>	<u>-</u>
Total Expenditures	<u><u>\$ 29,529,174</u></u>	<u><u>\$ 28,327,579</u></u>

NONMAJOR GOVERNMENTAL FUNDS

BYRON CENTER PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2008

	Special Revenue			
	Food Service	Athletics	Community Service	VanSingel Fine Arts Center
Assets				
Cash	\$ -	\$ 795	\$ -	\$ 50
Cash equivalents, deposits and investments	25,943	9,631	564,278	87,368
Receivables:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	8,656	-	-	-
Inventory	12,762	-	-	-
Prepaid expenditures	-	-	-	23,240
Total Assets	<u>\$ 47,361</u>	<u>\$ 10,426</u>	<u>\$ 564,278</u>	<u>\$ 110,658</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other other funds	15,880	52,755	-	-
Due to other other governmental units	741	30	5,885	618
Salaries payable	3,041	121	24,150	2,534
Deferred revenue	14,032	-	43,526	68,228
Total Liabilities	<u>33,694</u>	<u>52,906</u>	<u>73,561</u>	<u>71,380</u>
Fund Balances				
Reserved for debt service	-	-	-	-
Reserved for capital outlay	-	-	-	-
Unreserved:				
Undesignated	13,667	(42,480)	490,717	39,278
Total Fund Balances	<u>13,667</u>	<u>(42,480)</u>	<u>490,717</u>	<u>39,278</u>
Total Liabilities and Fund Balances	<u>\$ 47,361</u>	<u>\$ 10,426</u>	<u>\$ 564,278</u>	<u>\$ 110,658</u>

Debt Service					Capital Projects		
1995	1997	1998	2001	2005	Building and Site	2001 Construction	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 845
41,824	5	22,237	92,710	19,754	557,928	37,985	1,459,663
2,186	-	3,541	5,611	678	1,662	-	13,678
76,146	-	160,702	171,444	20,192	44,259	-	472,743
-	-	-	-	-	-	-	8,656
-	-	-	-	-	-	-	12,762
-	-	-	-	-	-	-	23,240
<u>\$120,156</u>	<u>\$ 5</u>	<u>\$186,480</u>	<u>\$269,765</u>	<u>\$ 40,624</u>	<u>\$603,849</u>	<u>\$ 37,985</u>	<u>\$1,991,587</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$334,757	\$ -	\$ 334,757
32,276	-	-	71,008	8,823	12,152	-	192,894
-	-	-	-	-	-	-	7,274
-	-	-	-	-	-	-	29,846
2,186	-	3,541	5,611	678	1,662	-	139,464
<u>34,462</u>	<u>-</u>	<u>3,541</u>	<u>76,619</u>	<u>9,501</u>	<u>348,571</u>	<u>-</u>	<u>704,235</u>
85,694	5	182,939	193,146	31,123	-	-	492,907
-	-	-	-	-	255,278	37,985	293,263
-	-	-	-	-	-	-	501,182
<u>85,694</u>	<u>5</u>	<u>182,939</u>	<u>193,146</u>	<u>31,123</u>	<u>255,278</u>	<u>37,985</u>	<u>1,287,352</u>
<u>\$120,156</u>	<u>\$ 5</u>	<u>\$186,480</u>	<u>\$269,765</u>	<u>\$ 40,624</u>	<u>\$603,849</u>	<u>\$ 37,985</u>	<u>\$1,991,587</u>

BYRON CENTER PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2008

	Special Revenue			
	Food Service	Athletics	Community Service	VanSingel Fine Arts Center
Revenues				
Local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,719	1,537	15,797	2,430
Sales and admissions	715,588	174,706	-	136,995
Other local sources	-	-	766,703	91,378
Total local sources	717,307	176,243	782,500	230,803
State sources	60,158	-	-	-
Federal sources	349,451	-	-	-
Interdistrict sources	-	-	-	66,083
Total Revenues	1,126,916	176,243	782,500	296,886
Expenditures				
Current:				
Community services	-	-	663,228	336,572
Food service	1,140,133	-	-	-
Athletics	-	764,498	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Bond issuance costs	-	-	-	-
Underwriter's discount	-	-	-	-
Total Expenditures	1,140,133	764,498	663,228	336,572
Excess (Deficiency) of Revenues Over Expenditures	(13,217)	(588,255)	119,272	(39,686)
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Loan proceeds	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	537,254	-	35,000
Transfers out	-	-	-	-
Payments to escrow agent	-	-	-	-
Total Other Financing Sources(Uses)	-	537,254	-	35,000
Net Change in Fund Balances	(13,217)	(51,001)	119,272	(4,686)
Fund Balances, July 1	26,884	8,521	371,445	43,964
Fund Balances, June 30	\$ 13,667	\$ (42,480)	\$ 490,717	\$ 39,278

Debt Service					Capital Projects		
1995	1997	1998	2001	2005	Building and Site	2001 Construction	Total
\$1,539,847	\$ 303	\$991,774	\$3,497,149	\$410,696	\$903,938	\$ -	\$7,343,707
12,254	279	6,734	26,884	3,431	21,460	8,455	100,980
-	-	-	-	-	-	-	1,027,289
-	-	-	-	-	20,161	-	878,242
1,552,101	582	998,508	3,524,033	414,127	945,559	8,455	9,350,218
-	-	-	-	-	-	-	60,158
-	-	-	-	-	-	-	349,451
-	-	-	-	-	-	-	66,083
1,552,101	582	998,508	3,524,033	414,127	945,559	8,455	9,825,910
-	-	-	-	-	-	-	999,800
-	-	-	-	-	-	-	1,140,133
-	-	-	-	-	-	-	764,498
-	-	-	-	-	454,858	519,056	973,914
1,380,000	-	110,000	1,425,000	245,000	500,000	-	3,660,000
228,857	215	534,369	2,179,484	197,998	43,184	-	3,184,107
-	-	200,844	-	-	-	-	200,844
-	-	99,728	-	-	-	-	99,728
1,608,857	215	944,941	3,604,484	442,998	998,042	519,056	11,023,024
(56,756)	367	53,567	(80,451)	(28,871)	(52,483)	(510,601)	(1,197,114)
-	-	21,680,000	-	-	-	-	21,680,000
-	-	-	60,000	40,000	-	-	100,000
-	-	255,078	-	-	-	-	255,078
125,000	-	-	219,545	-	-	-	916,799
-	(9,545)	(335,000)	-	-	-	-	(344,545)
-	-	(21,634,506)	-	-	-	-	(21,634,506)
125,000	(9,545)	(34,428)	279,545	40,000	-	-	972,826
68,244	(9,178)	19,139	199,094	11,129	(52,483)	(510,601)	(224,288)
17,450	9,183	163,800	(5,948)	19,994	307,761	548,586	1,511,640
\$ 85,694	\$ 5	\$ 182,939	\$ 193,146	\$ 31,123	\$255,278	\$ 37,985	\$1,287,352

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 745,330	\$ 717,307	\$ (28,023)
State sources	52,359	60,158	7,799
Federal sources	331,959	349,451	17,492
Total Revenues	<u>1,129,648</u>	<u>1,126,916</u>	<u>(2,732)</u>
Expenditures			
Current:			
Food service	<u>1,102,053</u>	<u>1,140,133</u>	<u>(38,080)</u>
Net Change in Fund Balances	27,595	(13,217)	(40,812)
Fund Balances, July 1	<u>26,884</u>	<u>26,884</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 54,479</u></u>	<u><u>\$ 13,667</u></u>	<u><u>\$ (40,812)</u></u>

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 125,489	\$ 176,243	\$ 50,754
Expenditures			
Current:			
Athletics	687,357	764,498	(77,141)
Excess (Deficiency) of Revenues Over Expenditures	(561,868)	(588,255)	(26,387)
Other Financing Sources			
Transfers in	562,339	537,254	(25,085)
Net Change in Fund Balances	471	(51,001)	(51,472)
Fund Balances, July 1	8,521	8,521	-
Fund Balances, June 30	\$ 8,992	\$ (42,480)	\$ (51,472)

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 748,089	\$ 782,500	\$ 34,411
Expenditures			
Current:			
Community services	696,636	663,228	33,408
Net Change in Fund Balances	51,453	119,272	67,819
Fund Balances, July 1	371,445	371,445	-
Fund Balances, June 30	\$ 422,898	\$ 490,717	\$ 67,819

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2008

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Local sources	\$ 263,022	\$ 230,803	\$ (32,219)
Interdistrict sources	79,648	66,083	(13,565)
Total Revenues	<u>342,670</u>	<u>296,886</u>	<u>(45,784)</u>
Expenditures			
Current:			
Community services	386,673	336,572	50,101
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,003)</u>	<u>(39,686)</u>	<u>4,317</u>
Other Financing Sources			
Transfers in	14,500	35,000	20,500
Net Change in Fund Balances	(29,503)	(4,686)	24,817
Fund Balances, July 1	<u>43,964</u>	<u>43,964</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 14,461</u></u>	<u><u>\$ 39,278</u></u>	<u><u>\$ 24,817</u></u>

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

Community Service—to account for fees received for use in childcare and preschool services for residents of the District.

VanSingel Fine Arts Center—to account for admission fees, donations and interest earnings for use in the operation and maintenance of the District's fine arts performance center.

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	\$ 25,943	\$ 17,980
Accounts receivable	-	30
Due from other governmental units	8,656	8,710
Inventory	<u>12,762</u>	<u>11,972</u>
Total Assets	<u><u>\$ 47,361</u></u>	<u><u>\$ 38,692</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 15,880	\$ -
Due to other governmental units	741	-
Salaries payable	3,041	-
Deferred revenue	<u>14,032</u>	<u>11,808</u>
Total Liabilities	<u>33,694</u>	<u>11,808</u>
Fund Balances		
Unreserved:		
Undesignated	<u>13,667</u>	<u>26,884</u>
Total Liabilities and Fund Balances	<u><u>\$ 47,361</u></u>	<u><u>\$ 38,692</u></u>

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 1,719	\$ 2,655
Sales and admissions:		
Children's breakfasts	10,772	10,972
Children's lunches	466,607	485,514
Adult lunches	18,138	19,273
Milk	11,248	12,211
Ala carte	168,355	173,834
Banquets	35,212	32,390
Other	5,256	5,095
	<u>715,588</u>	<u>739,289</u>
Total local sources	<u>717,307</u>	<u>741,944</u>
State sources	60,158	60,571
Federal sources	<u>349,451</u>	<u>357,831</u>
Total Revenues	<u>1,126,916</u>	<u>1,160,346</u>
Expenditures		
Current:		
Food service:		
Salaries	373,460	372,331
Employee benefits	161,690	153,925
Purchased services	14,440	40,686
Supplies	581,622	585,581
Capital outlay	1,727	27,186
Miscellaneous	7,194	5,809
	<u>1,140,133</u>	<u>1,185,518</u>
Total Expenditures	<u>1,140,133</u>	<u>1,185,518</u>
Net Change in Fund Balances	(13,217)	(25,172)
Fund Balances, July 1	<u>26,884</u>	<u>52,056</u>
Fund Balances, June 30	<u><u>\$ 13,667</u></u>	<u><u>\$ 26,884</u></u>

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 795	\$ 1,800
Cash equivalents, deposits and investments	<u>9,631</u>	<u>6,721</u>
Total Assets	<u><u>\$ 10,426</u></u>	<u><u>\$ 8,521</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ 52,755	\$ -
Due to other governmental units	30	-
Salaries payable	<u>121</u>	<u>-</u>
Total Liabilities	<u>52,906</u>	<u>-</u>
Fund Balances		
Unreserved:		
Undesignated	<u>(42,480)</u>	<u>8,521</u>
Total Liabilities and Fund Balances	<u><u>\$ 10,426</u></u>	<u><u>\$ 8,521</u></u>

BYRON CENTER PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 1,537	\$ 1,214
Sales and admissions:		
Gate receipts	101,305	90,294
Fees	12,797	4,042
Rental of school facilities	9,887	9,622
Donations	28,747	10,702
Vending sales	1,457	3,009
Other revenue	20,513	7,210
	<u>174,706</u>	<u>124,879</u>
Total Revenues	<u>176,243</u>	<u>126,093</u>
Expenditures		
Current:		
Athletics:		
Salaries	423,162	373,004
Employee benefits	140,045	124,705
Purchased services	99,809	73,750
Supplies	68,412	58,629
Capital outlay	12,456	33,680
Miscellaneous	20,614	19,513
	<u>764,498</u>	<u>683,281</u>
Total Expenditures	<u>764,498</u>	<u>683,281</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(588,255)</u>	<u>(557,188)</u>
Other Financing Sources		
Transfers in	<u>537,254</u>	<u>533,652</u>
Net Change in Fund Balances	<u>(51,001)</u>	<u>(23,536)</u>
Fund Balances, July 1	<u>8,521</u>	<u>32,057</u>
Fund Balances, June 30	<u><u>\$ (42,480)</u></u>	<u><u>\$ 8,521</u></u>

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 564,278</u>	<u>\$ 442,204</u>
Liabilities and Fund Balances		
Liabilities		
Due to other governmental units	\$ 5,885	\$ -
Salaries payable	24,150	-
Deferred revenue	<u>43,526</u>	<u>70,759</u>
Total Liabilities	<u>73,561</u>	<u>70,759</u>
Fund Balances		
Unreserved:		
Undesignated	<u>490,717</u>	<u>371,445</u>
Total Liabilities and Fund Balances	<u>\$ 564,278</u>	<u>\$ 442,204</u>

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	2008	2007
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 15,797	\$ 16,297
Other local sources:		
Preschool fees	110,890	92,723
Driver education fees	74,245	47,938
Daycare fees	581,568	656,485
Fund raising	-	210
Donations	-	2,000
Miscellaneous	-	75
	<u>766,703</u>	<u>799,431</u>
Total Revenues	<u>782,500</u>	<u>815,728</u>
Expenditures		
Current:		
Community services:		
Child care:		
Salaries	352,192	345,410
Employee benefits	123,079	121,660
Purchased services	2,304	2,779
Supplies	18,467	15,082
Capital outlay	2,478	608
Miscellaneous	3,571	4,601
	<u>502,091</u>	<u>490,140</u>
Preschool:		
Salaries	73,194	70,578
Employee benefits	18,912	18,606
Supplies	1,809	1,581
	<u>93,915</u>	<u>90,765</u>
Leisure time:		
Employee benefits	4,605	-
Purchased services	576	298
	<u>5,181</u>	<u>298</u>
Driver education:		
Salaries	36,438	18,247
Employee benefits	9,108	4,814
Purchased services	12,633	8,770
Supplies	3,862	2,945
	<u>62,041</u>	<u>34,776</u>
Total Expenditures	<u>663,228</u>	<u>615,979</u>
Net Change in Fund Balances	119,272	199,749
Fund Balances, July 1	<u>371,445</u>	<u>171,696</u>
Fund Balances, June 30	<u><u>\$ 490,717</u></u>	<u><u>\$ 371,445</u></u>

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash	\$ 50	\$ 50
Cash equivalents, deposits and investments	87,368	37,472
Prepaid expenditures	<u>23,240</u>	<u>20,600</u>
Total Assets	<u><u>\$ 110,658</u></u>	<u><u>\$ 58,122</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other governmental units	\$ 618	\$ -
Salaries payable	2,534	-
Deferred revenue	<u>68,228</u>	<u>14,158</u>
Total Liabilities	<u>71,380</u>	<u>14,158</u>
Fund Balances		
Unreserved:		
Undesignated	<u>39,278</u>	<u>43,964</u>
Total Liabilities and Fund Balances	<u><u>\$ 110,658</u></u>	<u><u>\$ 58,122</u></u>

BYRON CENTER PUBLIC SCHOOLS
VanSingel Fine Arts Center Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 2,430	\$ 4,816
Sales and admissions:		
Ticket sales	136,995	125,738
Other local sources:		
Advertising	2,845	-
Rental of facilities	24,714	27,262
Donations	57,716	104,823
Miscellaneous	6,103	7,180
	<u>91,378</u>	<u>139,265</u>
Total local sources	230,803	269,819
Interdistrict sources:		
Theater arts program	66,083	39,459
Total Revenues	<u>296,886</u>	<u>309,278</u>
Expenditures		
Current:		
Community services:		
Community and special projects:		
Salaries	118,782	110,963
Employee benefits	44,940	34,428
Purchased services	132,125	150,790
Supplies	34,595	25,292
Capital outlay	4,015	10,250
Miscellaneous	2,115	2,574
	<u>336,572</u>	<u>334,297</u>
Total Expenditures	<u>336,572</u>	<u>334,297</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,686)</u>	<u>(25,019)</u>
Other Financing Sources (Uses)		
Transfers in	35,000	5,250
	<u>35,000</u>	<u>5,250</u>
Net Change in Fund Balances	(4,686)	(19,769)
Fund Balances, July 1	<u>43,964</u>	<u>63,733</u>
Fund Balances, June 30	<u><u>\$ 39,278</u></u>	<u><u>\$ 43,964</u></u>

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

BYRON CENTER PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2008

	<u>1995</u>	<u>1997</u>	<u>1998</u>	<u>2001</u>
Assets				
Cash equivalents, deposits and investments	\$ 41,824	\$ 5	\$ 22,237	\$ 92,710
Taxes receivable	2,186	-	3,541	5,611
Due from other funds	<u>76,146</u>	<u>-</u>	<u>160,702</u>	<u>171,444</u>
Total Assets	<u><u>\$ 120,156</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 186,480</u></u>	<u><u>\$ 269,765</u></u>
 Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 32,276	\$ -	\$ -	\$ 71,008
Deferred revenue	<u>2,186</u>	<u>-</u>	<u>3,541</u>	<u>5,611</u>
Total Liabilities	<u>34,462</u>	<u>-</u>	<u>3,541</u>	<u>76,619</u>
 Fund Balances				
Reserved for debt service	<u>85,694</u>	<u>5</u>	<u>182,939</u>	<u>193,146</u>
Total Liabilities and Fund Balances	<u><u>\$ 120,156</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 186,480</u></u>	<u><u>\$ 269,765</u></u>

2005	Totals	
	2008	2007
\$ 19,754	\$ 176,530	\$ 204,479
678	12,016	12,217
20,192	428,484	-
<u>\$ 40,624</u>	<u>\$ 617,030</u>	<u>\$ 216,696</u>

\$ 8,823	\$ 112,107	\$ -
678	12,016	12,217
<u>9,501</u>	<u>124,123</u>	<u>12,217</u>
<u>31,123</u>	<u>492,907</u>	<u>204,479</u>
<u>\$ 40,624</u>	<u>\$ 617,030</u>	<u>\$ 216,696</u>

BYRON CENTER PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2008

	1995	1997	1998	2001
Revenues				
Local sources:				
Property taxes:				
Current property taxes	\$ 1,529,390	\$ -	\$ 976,948	\$ 3,473,012
Industrial facilities taxes	5,674	-	3,625	12,884
Delinquent property taxes	1,012	8	2,024	3,369
Other taxes	2,181	295	8,535	4,284
Interest on delinquent taxes	1,590	-	642	3,600
	<u>1,539,847</u>	<u>303</u>	<u>991,774</u>	<u>3,497,149</u>
Interest earnings:				
Interest on deposits and investments	12,254	279	6,734	26,884
	<u>12,254</u>	<u>279</u>	<u>6,734</u>	<u>26,884</u>
Total Revenues	<u>1,552,101</u>	<u>582</u>	<u>998,508</u>	<u>3,524,033</u>
Expenditures				
Debt service:				
Principal repayment	1,380,000	-	110,000	1,425,000
Interest and fiscal charges:				
Interest expense	227,700	-	532,901	2,177,593
Paying agent fees	642	-	300	250
Tax refunds	515	215	1,168	1,641
Bond issuance costs	-	-	200,844	-
Underwriter's discount	-	-	99,728	-
	<u>-</u>	<u>-</u>	<u>99,728</u>	<u>-</u>
Total Expenditures	<u>1,608,857</u>	<u>215</u>	<u>944,941</u>	<u>3,604,484</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(56,756)</u>	<u>367</u>	<u>53,567</u>	<u>(80,451)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	21,680,000	-
Loan proceeds	-	-	-	60,000
Bond premium	-	-	255,078	-
Transfers in	125,000	-	-	219,545
Transfers out	-	(9,545)	(335,000)	-
Payments to escrow agent	-	-	(21,634,506)	-
	<u>-</u>	<u>-</u>	<u>(21,634,506)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>(9,545)</u>	<u>(34,428)</u>	<u>279,545</u>
Net Change in Fund Balances	<u>68,244</u>	<u>(9,178)</u>	<u>19,139</u>	<u>199,094</u>
Fund Balances, July 1	<u>17,450</u>	<u>9,183</u>	<u>163,800</u>	<u>(5,948)</u>
Fund Balances, June 30	<u>\$ 85,694</u>	<u>\$ 5</u>	<u>\$ 182,939</u>	<u>\$ 193,146</u>

2005	Totals	
	2008	2007
\$ 407,914	\$6,387,264	\$ 5,895,808
1,513	23,696	18,119
138	6,551	3,170
707	16,002	8,080
424	6,256	7,634
410,696	6,439,769	5,932,811
3,431	49,582	89,306
414,127	6,489,351	6,022,117
245,000	3,160,000	3,005,000
197,869	3,136,063	3,811,211
-	1,192	1,491
129	3,668	2,330
-	200,844	-
-	99,728	-
442,998	6,601,495	6,820,032
(28,871)	(112,144)	(797,915)
-	21,680,000	-
40,000	100,000	694,557
-	255,078	-
-	344,545	-
-	(344,545)	-
-	(21,634,506)	-
40,000	400,572	694,557
11,129	288,428	(103,358)
19,994	204,479	307,837
\$ 31,123	\$ 492,907	\$ 204,479

CAPITAL PROJECTS FUNDS

Building and Site—to account for property tax revenues and interest earnings used to finance building improvements projects.

2001 Construction—to account for bond proceeds used to finance building construction and improvement projects.

BYRON CENTER PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	\$ 557,928	\$ 307,761
Taxes receivable	1,662	1,569
Due from other funds	<u>44,259</u>	<u>-</u>
Total Assets	<u><u>\$ 603,849</u></u>	<u><u>\$ 309,330</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 334,757	\$ -
Due from other funds	12,152	-
Deferred revenue	<u>1,662</u>	<u>1,569</u>
Total Liabilities	348,571	1,569
Fund Balances		
Reserved for capital outlay	<u>255,278</u>	<u>307,761</u>
Total Liabilities and Fund Balances	<u><u>\$ 603,849</u></u>	<u><u>\$ 309,330</u></u>

BYRON CENTER PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	2008	2007
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 897,385	\$ 828,162
Industrial facilities taxes	3,329	2,546
Delinquent property taxes	1,023	448
Other property taxes	1,324	3,313
Interest on delinquent taxes	877	1,068
Total property taxes	903,938	835,537
Interest earnings:		
Interest on deposits and investments	21,460	34,995
Other local sources:		
Miscellaneous	20,161	13,767
Total Revenues	945,559	884,299
Expenditures		
Facilities acquisition:		
Land and improvements	-	43,362
Construction manager	-	15,872
Architect services	12,152	8,907
Building improvements	442,192	410,116
Tax refunds	514	327
Debt service:		
Principal repayment	500,000	715,000
Interest and fiscal charges:		
Interest expense	43,184	24,954
Paying agent fees	-	26
Total Expenditures	998,042	1,218,564
Excess (Deficiency) of Revenues Over Expenditures	(52,483)	(334,265)
Other Financing Sources		
Loan proceeds	-	500,000
Net Change in Fund Balances	(52,483)	165,735
Fund Balances, July 1	307,761	142,026
Fund Balances, June 30	\$ 255,278	\$ 307,761

BYRON CENTER PUBLIC SCHOOLS
2001 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Cash equivalents, deposits and investments	<u>\$ 37,985</u>	<u>\$ 548,586</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Reserved for capital outlay	<u>37,985</u>	<u>548,586</u>
Total Liabilities and Fund Balances	<u>\$ 37,985</u>	<u>\$ 548,586</u>

BYRON CENTER PUBLIC SCHOOLS
2001 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 8,455	\$ 33,848
Other local sources:		
Refund of prior year expenditures	<u>-</u>	<u>75,120</u>
Total Revenues	<u>8,455</u>	<u>108,968</u>
Expenditures		
Capital outlay:		
Construction manager fees	-	11,637
Land improvements	7,624	99,802
Building additions and improvements	340,327	228,094
New equipment and furniture	<u>171,105</u>	<u>297,535</u>
Total Expenditures	<u>519,056</u>	<u>637,068</u>
Net Change in Fund Balances	(510,601)	(528,100)
Fund Balances, July 1	<u>548,586</u>	<u>1,076,686</u>
Fund Balances, June 30	<u><u>\$ 37,985</u></u>	<u><u>\$ 548,586</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

BYRON CENTER PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2008

	<u>Balances July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2008</u>
Assets				
Cash equivalents, deposits and investments	<u>\$ 165,810</u>	<u>\$ 433,218</u>	<u>\$ 406,749</u>	<u>\$ 192,279</u>
Liabilities				
Due to student groups	<u>\$ 165,810</u>	<u>\$ 433,218</u>	<u>\$ 406,749</u>	<u>\$ 192,279</u>

OTHER INFORMATION

BYRON CENTER PUBLIC SCHOOLS
Summary of 2007 Taxes Levied and Collected
For the year ended June 30, 2008

	Allegan County	Kent County			
		Townships of		City of	
	Dorr	Byron	Gaines	Wyoming	Total
Taxable Valuations					
Operating	\$ -	\$293,182,286	\$ 20,532,396	\$11,513,996	\$325,228,678
Debt Service/Building and Site	98,865	780,498,482	121,585,642	11,513,996	913,696,985
Rates (Mills)					
General Fund					18.0000
1995 Debt Service Fund					1.6760
1998 Debt Service Fund					1.0710
2001 Debt Service Fund					3.8060
2005 Debt Service Fund					0.4470
Building and Site Fund					0.9835
					<u>25.9835</u>
Taxes Levied 2007 Rolls					
General Fund	\$ -	\$ 5,069,397	\$ 369,580	\$ 207,252	\$ 5,646,229
1995 Debt Service Fund	94	1,308,100	203,798	19,297	1,531,289
1998 Debt Service Fund	60	835,904	130,189	12,332	978,485
2001 Debt Service Fund	214	2,970,542	462,754	43,822	3,477,332
2005 Debt Service Fund	25	348,879	54,369	5,147	408,420
Building and Site Fund	55	767,611	119,554	11,324	898,544
	<u>448</u>	<u>11,300,433</u>	<u>1,340,244</u>	<u>299,174</u>	<u>12,940,299</u>
Taxes Uncollected 2007 Rolls					
General Fund	-	10,025	824	359	11,208
1995 Debt Service Fund	-	1,827	36	33	1,896
1998 Debt Service Fund	-	1,492	23	21	1,536
2001 Debt Service Fund	-	4,159	84	76	4,319
2005 Debt Service Fund	-	487	10	9	506
Building and Site Fund	-	1,117	22	20	1,159
	<u>-</u>	<u>19,107</u>	<u>999</u>	<u>518</u>	<u>20,624</u>
Taxes Collected 2007 Rolls					
General Fund	-	5,059,372	368,756	206,893	5,635,021
1995 Debt Service Fund	94	1,306,273	203,762	19,264	1,529,393
1998 Debt Service Fund	60	834,412	130,166	12,311	976,949
2001 Debt Service Fund	214	2,966,383	462,670	43,746	3,473,013
2005 Debt Service Fund	25	348,392	54,359	5,138	407,914
Building and Site Fund	55	766,494	119,532	11,304	897,385
	<u>448</u>	<u>11,281,326</u>	<u>1,339,245</u>	<u>298,656</u>	<u>12,919,675</u>
Delinquent Taxes Collected					
General Fund	-	13,519	234	-	13,753
1995 Debt Service Fund	-	1,012	-	-	1,012
1997 Debt Service Fund	-	8	-	-	8
1998 Debt Service Fund	-	2,010	14	-	2,024
2001 Debt Service Fund	-	3,320	49	-	3,369
2005 Debt Service Fund	-	132	6	-	138
Building and Site Fund	-	1,010	13	-	1,023
	<u>-</u>	<u>21,011</u>	<u>316</u>	<u>-</u>	<u>21,327</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
Summary of 2007 Taxes Levied and Collected
For the year ended June 30, 2008

	Allegan County	Kent County			
		Townships of		City of	
	Dorr	Byron	Gaines	Wyoming	Total
Total Taxes Collected					
General Fund	\$ -	\$ 5,072,891	\$ 368,990	\$ 206,893	\$ 5,648,774
1995 Debt Service Fund	94	1,307,285	203,762	19,264	1,530,405
1997 Debt Service Fund	-	8	-	-	8
1998 Debt Service Fund	60	836,422	130,180	12,311	978,973
2001 Debt Service Fund	214	2,969,703	462,719	43,746	3,476,382
2005 Debt Service Fund	25	348,524	54,365	5,138	408,052
Building and Site Fund	55	767,504	119,545	11,304	898,408
	<u>\$ 448</u>	<u>\$ 11,302,337</u>	<u>\$ 1,339,561</u>	<u>\$ 298,656</u>	<u>\$ 12,941,002</u>
Taxes Uncollected – June 30, 2008					
General Fund:					
2007	\$ -	\$ 10,025	\$ 824	\$ 359	\$ 11,208
2006	-	5,691	113	-	5,804
2005	-	4,600	-	-	4,600
	<u>-</u>	<u>20,316</u>	<u>937</u>	<u>359</u>	<u>21,612</u>
1995 Debt Service Fund:					
2007	-	1,827	36	33	1,896
2006	-	133	6	-	139
2005	-	150	1	-	151
	<u>-</u>	<u>2,110</u>	<u>43</u>	<u>33</u>	<u>2,186</u>
1998 Debt Service Fund:					
2007	-	1,492	23	21	1,536
2006	-	798	41	-	839
2005	-	1,161	5	-	1,166
	<u>-</u>	<u>3,451</u>	<u>69</u>	<u>21</u>	<u>3,541</u>
2001 Debt Service Fund:					
2007	-	4,159	84	76	4,319
2006	-	416	8	-	424
2005	-	868	-	-	868
	<u>-</u>	<u>5,443</u>	<u>92</u>	<u>76</u>	<u>5,611</u>
2005 Debt Service Fund:					
2007	-	487	10	9	506
2006	-	45	2	-	47
2005	-	125	-	-	125
	<u>-</u>	<u>657</u>	<u>12</u>	<u>9</u>	<u>678</u>
Building and Site Fund:					
2007	-	1,117	22	20	1,159
2006	-	162	19	-	181
2005	-	322	-	-	322
	<u>-</u>	<u>1,601</u>	<u>41</u>	<u>20</u>	<u>1,662</u>
Total Taxes Uncollected	<u>\$ -</u>	<u>\$ 33,578</u>	<u>\$ 1,194</u>	<u>\$ 518</u>	<u>\$ 35,290</u>

Hungerford, Aldrin, Nichols & Carter, P.C.

CPAs AND CONSULTANTS

November 7, 2008

The Board of Education
Byron Center Public Schools
Kent County, Michigan

The following comments pertain to our audit of the financial records of Byron Center Public Schools as of and for the year ended June 30, 2008. The comments are made in accordance with Statement on Auditing Standards (SAS) No. 114 "The Auditor's Communication with Those Charged with Governance" which requires that in all audits, certain matters are to be communicated with those charged with governance in relation to an audit of financial statements. The communications required by SAS No. 114, if pertinent to the examination, are as follows:

The Auditor's Responsibility Under U.S. Generally Accepted Accounting Principles

As stated in our Engagement Letter dated June 1, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you, or management, of your responsibilities.

Auditor's Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable, independence standards. Our policies address financial interest, business and family relationships, and non-audit services that may be thought to bear on independence. In addition, our policies restrict certain non-audit services that may be provided by our firm staff and require our audit clients to accept certain responsibilities in connection with the provision of permitted non-audit services.

An Overview of the Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the Engagement Letter dated June 1, 2008.

Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our Engagement Letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Byron Center Public Schools are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Difficulties Encountered During the Audit

We encountered difficulties during our audit fieldwork process in reconciling property tax revenues and transfers between funds into the proper funds and revenue and expenditure accounts.

Disagreements with Management

We encountered no significant disagreements in dealing with management in performing and completing our audit for the year ended June 30, 2008.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the Management's Representation Letter dated November 7, 2008.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements. There were no adjustments proposed during the audit not accepted and recorded by Byron Center Public Schools management.

District-wide Financial Statements

1. \$673,635 to record accrued interest payable at June 30, 2008.
2. \$707,143 to record 2007-08 amortizable bond issuance costs.
3. \$294,393 to record 2007-08 net expenses recognized for accumulated employee sick leave and voluntary severance plan.
4. \$1,103,580 to record 2007-08 net capital asset purchases.
5. \$3,056,859 to record 2007-08 depreciation expense on capital assets.

General Fund

1. \$407,795 to properly allocate property tax collections between District accounts and between the District Debt Service and Building and Site Funds.
2. \$52,755 to record amounts due from the Athletics Fund for 2007-08 operating costs.
3. \$35,347 to record capital lease proceeds and the related capital outlay for the mower and tractor purchase.

Food Service Fund

1. \$62,156 to record USDA bonus and entitlement commodities used in 2007-08.
2. \$50,270 to adjust commodities food inventory to actual at June 30, 2008.

Debt Service Funds

1. \$344,445 to adjust interfund transfer to the proper revenue and expenditure accounts.

Other Significant, Relevant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to, and during the process of, the District's audit. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Current auditing standards (SAS No. 112 "Communicating Internal Control Related Matters Identified in an Audit") also require that auditors communicate, in writing, any significant deficiencies and/or material weaknesses in the design or operation of an entity's internal controls discovered during the audit. As we found no significant deficiencies or material weaknesses during the audit, no SAS 112 letter is required.

Significant new auditing standards from the American Institute of Certified Public Accountants were required to be implemented during the 2007-08 audit process involving the auditor's review, observation evaluation and documentation of the District's significant areas of internal controls. Our findings and comments regarding the District's internal control processes and procedures are detailed in Appendix A, attached to this letter.

Other Comments

The District's General Fund balance increased by \$454,688 during the 2007-08 fiscal year, to a balance of \$3,471,324 at June 30, 2008. This balance represents 11.0 % of the District's 2008-09 expenditure budget, down from 13.11% at June 30, 2007. Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Byron Center Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Closing

This communication is intended solely for the information and use of the Byron Center Public Schools Board of Education and management and is not intended to be, and should not be, used by anyone other than these specified parties. We have furnished a copy of this letter to the Michigan Departments of Education and Treasury as an enclosure with the audit report as required by the State of Michigan.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Statement on Auditing Standards No. 114 Letter
Appendix A - Comments On Significant Internal Control Areas for
BYRON CENTER PUBLIC SCHOOLS
For the Year Ended June 30, 2008

Listed below are the internal control areas that auditors are now required to review, evaluate and document during the audit process, if those areas are significant to an entity's operations. For each of the areas considered to be "significant" the auditor must answer all of the following questions, inspect supporting documentation and observe client compliance with its prescribed procedures, i.e. "walkthrough" the process as it is being performed.

1. Is the control placed in operation?
2. What audit assertions apply to this control?
3. Is the control a key control?
4. Is the control dependent on IT?
5. Is the control manual or automated?
6. Is the control properly designed?
7. Is the control implemented?
8. Comments/transactions or documentation examined for walkthrough
9. Is a control deficiency possible?

The significant internal control areas of Byron Center Public Schools are listed below. Each bullet point describes the "significant" internal controls that apply in each internal control area. The bolded comments represent suggestions for improvements in the District's internal controls, based on our observations during the 2007-08 audit process.

GENERAL CONTROLS

- Documentation of the internal control system
- Segregation of duties
- Independent monitoring of accounting functions
 - **Independent monitoring of the District's many accounting functions is an important facet of any internal control system. We recommend that the District expand and improve it's procedures for independent review and monitoring of accounting functions – especially in the areas of cash receipting, bank reconciliations, cash disbursements, balance sheet accounts for all District funds and adjusting journal entries as a means to achieving the monitoring/review procedures required for strong internal controls.**

BUDGETS

- Budget adoptions, amendments for all required funds
 - **The General Fund budget (for both revenues and expenditures) must be closely monitored near year-end to anticipate changes from original expectations and amend function level balances to avoid significant variances between final actual and budgeted results. However, variances should be analyzed closely before the budget is amended to ensure the accurate amount is being used.**
- Budget accounting principles consistent with actual transactions
- Documented authorization for all budget amendments

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Statement on Auditing Standards No. 114 Letter
Appendix A - Comments On Significant Internal Control Areas for
BYRON CENTER PUBLIC SCHOOLS
For the Year Ended June 30, 2008

CASH

- Cash collection/receipting procedures
 - **Periodic monitoring of the cash collection/deposit process should be completed by business office personnel in the areas outside of the central office where cash is commonly collected (food service, athletics, student activities, preschool/childcare,). Uniform documented procedures should be established to insure the safety of District funds in each of these areas.**
- Cash storage/deposit procedures
- Bank account security/authorization policies
- Check preparation/signing/security procedures
- Non-check disbursement authorization/control policies and procedures
- Bank reconciliation preparation/monitoring procedures

INVESTMENTS

- Investment policy adoption/implementation/monitoring procedures
 - **The District Investment Policy should be reviewed annually by the Chief Financial Officer and the Board of Education (and/or Finance Committee) to respond to the rapid changes occurring in the investment environment, and to insure compliance with current accounting disclosure requirements. Someone in District governance (a Board of Education or Finance Committee member) should be responsible for reviewing District investments on a regular basis to insure that the requirements of the Investment Policy are being followed. This process should include a review of FDIC insurance coverage with each financial institution utilized by the District.**
- Investment purchase approval procedures
- Investment custodial /security policies/procedures
- Investment record keeping/reconciliation procedures
- Investment return policies/procedures/monitoring

REVENUES AND RECEIVABLES

- Budgeting and actual-to-budget monitoring procedures
 - **The General fund revenue budget must be closely monitored near year-end to anticipate changes from original expectations and variances should be analyzed closely before the budget is amended.**
- Property tax collection/monitoring procedures
- State revenue sharing verification/reconciliation procedures
- Billing/collection procedures for fees/charges for services

EXPENDITURES AND PAYABLES

- Purchase order initiation/approval/processing procedures
- Invoice processing/approval/payment procedures
- Purchase pricing/cut-off/compliance review procedures
- Budget-to-actual comparison/review procedures

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Statement on Auditing Standards No. 114 Letter
Appendix A - Comments On Significant Internal Control Areas for
BYRON CENTER PUBLIC SCHOOLS
For the Year Ended June 30, 2008

PAYROLL

- Hiring/personnel input procedures
- Timekeeping/approval procedures
- Payroll preparation/distribution/general ledger procedures
- Cost allocation procedures/monitoring
- Budget-to-actual comparison/review procedures
- Payroll bank account transaction monitoring/reconciliation

CAPITAL ASSETS

- Acquisition/disposal/capitalization approval/documentation
- Asset custody/security/recordkeeping procedures
- Construction project record keeping/monitoring procedures
- Lapse schedule/depreciation record keeping/monitoring procedures

DEBT AND DEBT SERVICE

- Debt issuance and liability transaction approval
- Debt proceeds expenditure/monitoring procedures
- Debt agreement compliance monitoring procedures
- Principal and interest payment/monitoring procedures
- Debt refunding approval/documentation/monitoring

GRANTS AND SIMILAR PROGRAMS

- The District has procedures for identifying federal, state and other awards
- The District has accounting procedures for identifying and recording receipts and expenditures of program funds separately and in the appropriate cost category for each award or grant
- The District has a documented time schedule for filing financial reports with Grantors and policies for identifying special requirements of grants
- District funds are accounted for in separate grant control accounts
- The District has established controls to preclude charging federal award Programs with unallowable costs and expenditures
- The District has responsible individuals who monitor matching requirements, levels of effort, and earmarking limitations to insure District compliance with applicable laws and regulations
- Reconciliations of grant financial reports with supporting accounting records Are prepared, reviewed, and approved by a responsible official before filing
- Financial reports and claims for advances and reimbursements agree with the supporting financial records and general ledger
- A responsible official approves requests for advances or reimbursements.
- The District's calculation of required District funds considers updated estimates of allowable program costs

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Statement on Auditing Standards No. 114 Letter
Appendix A - Comments On Significant Internal Control Areas for
BYRON CENTER PUBLIC SCHOOLS
For the Year Ended June 30, 2008

- A responsible member of management reviews costs charged to direct and indirect cost centers in accordance with applicable grant requirements and governmental management circulars pertaining to cost principles
- A responsible member of management uses a set checklist to review and approve the provision of services to ensure that recipients are eligible under specific program requirements
- The District's employee time allocation method is in accordance with the Standards outlined in federal circulars or agency regulations

INFORMATIONAL TECHNOLOGY

- Computer access is limited to specific persons and individuals have access only
 - **The District should consider further strengthening the process of assigning user access rights to ensure that access is being granted based on an employee's job responsibilities. Access should be limited to applications and files that are necessary to perform each individual's daily job duties.**
- Passwords are required to be complex and to be changed at regular intervals
 - **Password security should be reviewed and improved to insure future data security.**
- There are appropriate documented procedures for back-up and storage of Applications and data files
 - **The District should develop a comprehensive back-up and recovery and data retention plan as part of a documented disaster recovery plan.**
- There is a documented disaster recovery plan and it has been tested
 - **A formal disaster recovery plan should be created and updated on an annual basis to ensure the timely recovery of data and the functionality of the District's information technology assets.**
- The District has well defined policies and procedures in place for which address performing patches and upgrades, user access administration, general backup and recovery operations and timelines for performing regular security and configuration settings reviews.
 - **The District should consider taking additional steps to establish a defined set of standard operating procedures and policies and evaluate their effectiveness throughout the year. Doing so will help to establish a stable and secure IT operating environment that consistently produces reliable data and reduces the risk of fraud or the loss of sensitive data.**

HUNGERFORD, ALDRIN, NICHOLS & CARTER, PC
Statement on Auditing Standards No. 114 Letter
Appendix A - Comments On Significant Internal Control Areas for
BYRON CENTER PUBLIC SCHOOLS
For the Year Ended June 30, 2008

STUDENT ACTIVITY ACCOUNTS

- The Student Activity Fund should be used only for “student activities”: those funds which are raised by students, and administered by students and their advisors, to be used for the specific benefit for which the funds are raised. Purchases such as athletic supplies and/or equipment and instructional supplies and/or equipment should be purchased from budgeted Athletic or General Fund expenditure accounts. If specific funds are raised or earmarked for these purchases, those funds should be deposited in the Athletics of General Fund as donations from the funding source. All purchases made from Student Activity accounts should be in accordance with District purchase order and expenditure approval policies, and the payment of payroll/employee benefits through the Student Activity Fund should be discouraged. Activities that do not directly involve students should not exist in the Student Activity Fund, but should be recorded in the District fund that the activity benefits. Each Student Activity account should have a documented use for its receipts and remaining balances, to insure the proper custody and disbursement of the funds on an ongoing basis.

**BYRON CENTER
PUBLIC SCHOOLS**
Kent County, Michigan

Auditor's Report On Compliance
For Federal Grant Programs

For the year ended June 30, 2008

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BYRON CENTER PUBLIC SCHOOLS

For the year ended June 30, 2008

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Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

November 7, 2008

The Board of Education
Byron Center Public Schools
Kent County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byron Center Public Schools, as of and for the year ended June 30, 2008, which collectively comprise Byron Center Public School's basic financial statements and have issued our report thereon dated November 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Byron Center Public School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Byron Center Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Byron Center Public School's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of an entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The Board of Education
Byron Center Public Schools
November 7, 2008

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Byron Center Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Byron Center Public Schools in a separate letter dated November 7, 2008.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldino, Nichols & Austin, P.C.

Certified Public Accountants

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

November 7, 2008

The Board of Education
Byron Center Public Schools
Kent County, Michigan

Compliance

We have audited the compliance of Byron Center Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Byron Center Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Byron Center Public School's management. Our responsibility is to express an opinion on Byron Center Public School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Byron Center Public School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Byron Center Public School's compliance with those requirements.

In our opinion, Byron Center Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

The Board of Education
Byron Center Public Schools
November 7, 2008

Internal Control Over Compliance

The management of Byron Center Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Byron Center Public School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Byron Center Public School's control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byron Center Public Schools, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 7, 2008. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Byron Center Public School's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BYRON CENTER PUBLIC SCHOOLS

For the year ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Education		
Passed through Michigan Department of Education (MDE):		
Title I:	84.010	
061530 0607		\$ 48,016
071530 0607		88,017
081530 0708		114,136
Total Title I		250,169
Title IIA:	84.367	
060520 0607		40,141
070520 0607		78,215
080520 0708		113,310
Total Title IIA		231,666
Title IID:	84.318	
084290 0708		948
Title V:	84.298	
070250 0607		632
080250 0708		776
Total Title V		1,408
Total Passed Through MDE		484,191
Passed through Kent Intermediate School District (KISD):		
Safe and Drug Free Schools and Communities Act:	84.186A	
072860 0607		4,916
082860 0708		6,329
Total Safe and Drug Free Schools and Communities Act		11,245

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2008
\$ 2,523	\$ 5,252	\$ —	\$ 2,523	\$ —
3,783	68,531	—	3,783	—
—	—	109,826	109,826	—
6,306	103,783	109,826	116,132	—
4,257	17,281	—	4,257	—
7,883	44,180	—	7,883	—
—	—	69,694	64,911	4,783
12,140	61,461	69,694	77,051	4,783
—	—	948	948	—
—	—	499	499	—
—	—	141	—	141
—	—	640	499	141
18,446	165,244	181,108	194,630	4,924
—	—	4,916	4,916	—
—	—	2,574	2,574	—
—	—	7,490	7,490	—

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

BYRON CENTER PUBLIC SCHOOLS

For the year ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
Special Education Cluster:		
I.D.E.A. – Flow Through:	84.027	
Flow Through – 070450 0607		\$ 508,149
Flow Through – 080450 0708		495,135
		<hr/>
Total I.D.E.A. – Flow Through		1,003,284
		<hr/>
I.D.E.A. – Preschool:	84.173	
Preschool – 070460 0607		27,382
Preschool – 080460 0708		24,675
		<hr/>
Total I.D.E.A. – Preschool		52,057
		<hr/>
I.D.E.A. – Transition:	84.027A	
Passed through Kelloggsville Public Schools:		
Transition – 080490 0708		905
		<hr/>
Total Special Education Cluster		1,056,246
		<hr/>
Total Passed Through KISD		1,067,491
		<hr/>
Title III:	84.365	
Passed through Godfrey-Lee Schools:		
080580 0708		4,608
		<hr/>
Total U.S. Department of Education		1,556,290
		<hr/>
U.S. Department of Health and Human Services		
Passed through Kent Intermediate School District (KISD):		
School Based Medicaid 0708:	93.778	
0607 Program		2,223
0708 Program		6,400
		<hr/>
Total School Based Medicaid		8,623
		<hr/>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current ear Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2008
\$ 94,287 —	\$ 508,149 —	\$ — 495,135	\$ 94,287 397,316	\$ — 97,819
94,287	508,149	495,135	491,603	97,819
6,401 —	27,109 —	— 24,675	6,401 24,675	— —
6,401	27,109	24,675	31,076	—
—	—	905	905	—
100,688	535,258	520,715	523,584	97,819
100,688	535,258	528,205	531,074	97,819
—	—	4,608	4,608	—
119,134	700,502	713,921	730,312	102,743
2,223 —	2,223 —	— 6,400	2,223 —	— 6,400
2,223	2,223	6,400	2,223	6,400

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**BYRON CENTER PUBLIC SCHOOLS**

For the year ended June 30, 2008

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
U.S. Department of Agriculture		
Passed through Michigan Department of Education (MDE):		
Nutrition Cluster:		
Lunches:		
Section 4 – Total Servings – 1950	10.555	\$ 47,408
Section 11 – Free and Reduced – 1960		<u>201,124</u>
Total Lunches		<u>248,532</u>
Breakfast:		
Total Servings – 1970	10.553	1,951
Free and Reduced – 1970		<u>36,206</u>
Total Breakfast		<u>38,157</u>
Special Milk	10.556	
Servings – 1940		<u>606</u>
Total Nutrition Cluster		<u>287,295</u>
U.S.D.A. Commodities:		
Entitlement Commodities	10.550	<u>62,156</u>
Total U.S.D.A. Commodities		<u>62,156</u>
Total U.S. Department of Agriculture (Passed Through MDE)		<u>349,451</u>
Total Federal Financial Assistance		<u><u>\$ 1,914,364</u></u>

See Notes to Schedule of Expenditures of Federal Awards

Accrued (Deferred) Revenue At July 1, 2006	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue At June 30, 2007
\$ —	\$ —	\$ 47,408	\$ 47,408	\$ —
—	—	201,124	201,124	—
—	—	248,532	248,532	—
—	—	1,951	1,951	—
—	—	36,206	36,206	—
—	—	38,157	38,157	—
—	—	606	606	—
—	—	287,295	287,295	—
—	—	62,156	62,156	—
—	—	62,156	62,156	—
—	—	349,451	349,451	—
\$ 121,357	\$ 702,725	\$ 1,069,772	\$ 1,081,986	\$ 109,143

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

BYRON CENTER PUBLIC SCHOOLS

For the year ended June 30, 2008

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

 Yes X No

Section II – Financial Statement Findings

Current Year Findings

There were no findings that are required to be reported under *Government Auditing Standards*.

Prior Year Findings

Significant deficiency (Item 2007-1) in internal control over financial reporting considered to be a material weakness:

District officials or employees who lack the knowledge and training to fulfill certain responsibilities:

2007-1 The lack of knowledge and skills present to apply Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) reporting standards in recording the District's financial transactions or preparing its financial statements (including Management's Discussion and Analysis and Notes to Basic Financial Statements) in compliance with current GAAP and GASB requirements.

Corrective action taken and finding has been cleared.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BYRON CENTER PUBLIC SCHOOLS

For the year ended June 30, 2008

Note A - The Schedule of Expenditures of Federal Awards (SEFA) was prepared using accounting policies consistent with those used in preparing the Basic Financial Statements.

Note B - The amounts reported on the R7120 and CMS, Grant Section Auditors Report, reconcile with the SEFA.

Note C - The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with the SEFA for USDA donated food commodities.

Note D - Federal Income Reconciliation

	Grant Expenditures Per Schedule of Federal Financial Assistance	Federal Revenue Financial Statements	Difference
Title I	\$ 109,826	\$ 109,826	\$ —
Title IIA	69,694	69,694	—
Title IID	948	948	—
Title III	4,608	4,608	—
Title V	640	640	—
Safe and Drug Free Schools and Communities Act	7,490	7,490	—
Special Education Cluster	520,715	520,715	—
School Based Medicaid	6,400	6,400	—
Nutrition Cluster	287,295	287,295	—
U.S.D.A. Commodities	62,156	62,156	—
	<u>\$ 1,069,772</u>	<u>\$ 1,069,772</u>	<u>\$ —</u>